

## TROY HERALD.

WEDNESDAY, DEC. 10, 1873.

## PRESIDENT'S MESSAGE.

## Its Most Prominent Features.

## OUR RELATIONS WITH SPAIN.

In compliance with the request of congress I transmitted to the American minister at Madrid, with the strict instruction to present it to the Spanish government, the joint resolution approved on the 3d of March last, tendering to the people of Spain in the name and on behalf of the American people, the congratulations of congress upon the efforts to consolidate in Spain the principles of universal liberty in a republican form of government. The existence of this new republic was inaugurated by striking the fetters from the slaves in Porto Rico. This beneficent measure was followed by a release of several thousand persons illegally held as slaves in Cuba. Next the captain-general of that colony was deprived of the power to put aside the orders of his superiors at Madrid, which had pertained to the office since 1825. The sequestered estates of American citizens which has been the cause of long and frequent correspondence were ordered to be restored to their owners. All these liberal steps were taken in the face of violent opposition directed by the reactionary slaveholders of Havana, who are vainly striving to stay the march of ideas which has terminated slavery in Christendom, Cuba only excepted. Unhappily, however, this baneful influence has thus far succeeded in defeating the efforts of all the liberal minded men in Spain to abolish slavery in Cuba, and in preventing the promised reform in that island. The struggle for political supremacy continues. The pro-slavery aristocracy in Cuba is gradually arraying itself in more and more open hostility and defiance to the home government, while it still maintains a political connection with the republic in the peninsula, and although usurping and defying the authority of the home government whenever such usurpation or defiance tends in the direction of oppression or of the maintenance of abuses, it is still a power in Madrid and recognized by the government as an element more dangerous to continental colonial relations between Cuba and Spain than that which inspired the insurrection at Yara. An element opposed to granting relief from any misrule and abuse; with no aspirations after freedom; commanding no sympathies in generous breasts; aiming to rivet still stronger the shackles of slavery and oppression; has seized many of the emblems of power in Cuba, and under professions of loyalty to the mother country is exhausting the resources of the island, and is doing acts which are at variance with these principles of justice, liberality and of right which give nobility of character to a republic. In the interests of humanity, of civilization and of progress, it is to be hoped that this evil influence may be soon averted.

## THE VIRGINIUS CASE.

The steamer Virginus was, on the 28th of September, 1870, duly registered at the port of New York as a part of the commercial marine of the United States. On the 4th of October, 1870, having the certificate of her register in the usual legal form, she sailed from the port of New York, and has not since been within the territorial jurisdiction of the United States. On the 31st of October last, while sailing under the flag of the United States on the high seas, she was forcibly seized by the Spanish gunboat Torpedo and was carried into the port of Santiago de Cuba, where many of her passengers and crew were inhumanly, and so far at least as relate to those who were citizens of the United States were, without process of law, put to death. It is a well established principle, asserted by the United States, and from the beginning of national independence, recognized by Great Britain and other maritime powers, and stated by the senate in a resolution passed unanimously on the 18th of June, 1858, that American vessels on the high seas in time of peace bearing the American flag remain under the jurisdiction of the country to which they belong, and therefore, any visitation, molestation or detention of such vessels by force on the part of a foreign power is in derogation of the sovereignty of the United States.

In accordance with this principle the restoration of Virginus and the survivors of her passengers and a due reparation to the flag, and the punishment of the authorities who had been guilty of the illegal acts or violence were demanded. The Spanish government has recognized the justice of the demand and has arranged for the immediate delivery of the vessel and for the surrender of the survivors of the passengers and crew, and for a salute to the flag, and proceedings looking to the punishment of those who may be proved to have been guilty of illegal acts of violence towards the citizens of the United States, and also to indemnifying those who may be shown to be entitled to indemnity. A copy of the protocol of a conference between the secretary of

state and the Spanish minister, in which the terms of this arrangement were agreed to, is transmitted herewith. The correspondence on this subject with the legation of the United States is in cipher and by cable, and needs the verification of the actual text of the correspondence. It has seemed to me to be due to the importance of the case not to submit this correspondence until the accurate text can be received by mail. It is expected shortly and will be submitted when received.

## SLAVERY IN CUBA.

In taking leave of this subject for the present, I wish to renew the expression of my conviction that the existence of African slavery in Cuba is a principal cause of the lamentable condition of the island. I do not doubt that congress shares with me the hope that it soon will be made to disappear, and that peace and prosperity may follow its abolition. The embargoing of American estates in Cuba, the cruelty to American citizens detected in no act of hostility to the Spanish government, the murdering of prisoners taken with arms in their hands, and finally the capture upon the high seas of a vessel sailing under the United States flag and bearing a United States register culminated in an outburst of indignation that has seemed, for a time, to threaten war.

## WARLIKE PREPARATIONS.

Pending negotiations between the United States and the government of Spain on the subject of this capture, I have authorized the secretary of the navy to put our navy on a war footing to an extent at least of the entire annual appropriation for that branch of the service, trusting to congress and the public opinion of the American people to justify my action.

## CONSTITUTIONAL AMENDMENTS.

Assuming from the action of the last congress in appointing a committee on privileges and elections to prepare and report to this congress a constitutional amendment to provide a better method of electing the president and vice-president of the United States, and also from the necessity of such an amendment that there will be submitted to the state legislatures for ratification such an improvement in our constitution, I suggest two others for your consideration:

First, to authorize the executive to approve of so much of any measure passing the two houses of congress as his judgment may dictate without approving the whole, the disapproved portion or portions to be subjected to the same rules as now—to be referred back to the house in which the measure or measures originated, and if passed by a two-thirds vote of the two houses, to become a law without the approval of the president. I would add to this a provision that there should be no legislation by congress during the last twenty-four hours of its sitting, upon vetoes, in order to give the executive an opportunity to examine and approve or disapprove understandingly.

Second, to prove by amendment that when an extra session of congress is convened by executive proclamation, legislation during the continuance of such extra session shall be confined to such subjects as the executive may bring before it from time to time, in writing. The advantages to be gained by these two amendments is obvious. One session in each year is provided for by the constitution in which there are no restrictions as to the subjects of legislation by congress. If more are required it is always in power of congress during their term of office to provide for sessions at any time.

The first of these amendments would protect the public against the many abuses and waste of public monies which creep into appropriation bills and other important measures passing during the expiring hours of congress to which otherwise due consideration cannot be given.

## ECONOMICAL SUGGESTIONS.

I commend to congress such economy and point out two sources where it seems to me it might commence, to wit: In the appropriations for public buildings in the many cities where work has not been commenced; in the appropriations for river and harbor improvements in those localities where the improvements are of but little benefit to general commerce and fortifications. There is still a more fruitful source of expenditure which I will point out later in this message. I refer to the easy method of manufacturing claims for losses incurred in the late rebellion. I would not be understood as opposing the erection of good, substantial and even ornamental buildings by the government wherever such buildings are needed. In fact I approve of the government owning its own buildings in all sections of the country, and hope the day is not far distant when it will not only possess them, but will erect in the capital suitable residences for all persons who now receive commutation for quarters or rent at government expense, and for the cabinet. Thus setting an example to the states which may induce them to erect buildings for their senators. But I would have this work conducted at times when the revenues of the country would abundantly justify it.

## FINANCIAL PANIC AND ITS LESSONS.

The revenues have materially fallen

off for the last five months of the present fiscal year, from what they were expected to produce, owing to the general panic now prevailing, which commenced about the middle of September last. The full effect of this disaster, if it should not prove a blessing in disguise, is yet to be demonstrated. In either event it is your duty to heed the lesson and provide by wise and well considered legislation as far as it lies in your power against its recurrence, and to take advantage of all the benefit that may have accrued. My own judgment is that, however much individuals may have suffered, one long step has been taken toward specie payments; that we can never have permanent prosperity until an entire new basis is reached, and a specie basis cannot be reached and maintained until our exports, exclusive of gold, pay for our imports, the interest due added and other expenditures so heavy as to leave no appreciable accumulation of those metals in the country from the products of our mines. The development of mines of precious metals during the past year, and the prospective development of them for years to come are gratifying in the extreme; but, if one-half the gold extracted from mines could be retained at home our advances toward specie payment would be rapid. To increase our exports sufficient currency is required to keep all the industries of the country employed. Without this, national, as well as individual bankruptcy must ensue. Undue inflation, on the other hand, while it might give temporary relief, would only lead to an inflation of prices, and the impossibility of competing in our own markets for the products of home skill and labor, and repeated renewals of such experiences. Elasticity to our circulating medium, therefore, and just enough of it to transact and legitimate business of the country and to keep all industries employed is what is most desired. The exact medium is specie, the recognized medium of exchange the world over. That obtained, we shall have a currency of an exact degree of elasticity. If there be too much of it for the legitimate purposes of trade and commerce it will flow out of the country; if too little the reverse will result. To hold what we have, and to appreciate our currency to that standard, is a problem deserving of the most serious consideration of congress. The experience of the present panic has proven that the currency of the country, based as it is upon the credit of the country, is the best that has ever been devised. Usually, in times of such trials, currency has become so worthless or so much depreciated in value as to inflate the values of all the necessities of life as compared with the currency. Every one holding it has been anxious to dispose of it on any terms. Now we witness the reverse. Holders of currency hoard it as they did gold in former experiences of a like nature. It is patent to the most casual observer that much more currency or money is required to transact the legitimate trade of the country during the fall and winter months when the vast crops are being moved, than during the balance of the year. With our present system the amount in the country remains the same throughout the year, resulting in an accumulation of all the surplus capital of the country in New York, when not employed in moving the crops, tempted there by the interest paid on deposits. This surplus capital must earn the interest paid with a profit. Being subject to call, it cannot be loaned—only in part at best—to the merchant or manufacturer for a fixed term. Hence, no matter how much currency there might be in the country, it would be absorbed, prices keeping pace with the volume, and panics, stringency and disasters would ever be occurring.

## FINANCIAL REMEDY.

Elasticity in our money system, then, is the object to be obtained first, and next, as far as possible, a prevention of the use of money in stock and other species of speculation. To prevent the latter it seems to me that one step would be taken by prohibiting the national banks from paying interest on deposits, by requiring them to hold their reserves in their own vaults, and by forcing them into resumption, though it would be only in legal-tender notes. For this purpose I would suggest the establishment of clearing-houses for your consideration. To secure the former many plans have been suggested, most of which look to no like inflation on the one hand or compelling the government on the other to pay interest without corresponding benefit upon the surplus funds of the country, during the seasons when it is otherwise unemployed. I submit for your consideration whether this difficulty might not be overcome by authorizing the secretary of the treasury to issue at any time to national banks of issue any amount of their notes below a fixed percentage of their issues, say 40 per cent., upon the banks' depositing with the treasurer of the United States an amount of government bonds equal to the amount of notes demanded, the banks to forfeit to the government, say 4 per cent. on the interest accruing on the bonds pledged, during the time they remain with the treasury as security for the

increased circulation, the bonds so pledged to be redeemable by the banks at their pleasure, either in whole or in part by returning their own bills for cancellation to an amount equal to the face of the bonds withdrawn. I would further suggest for your consideration the propriety of authorizing the national banks to diminish their standing issue at pleasure by returning for cancellation their own bills, and withdrawing so many United States bonds as are pledged for the bills returned.

In view of the great actual contraction that has taken place in the currency and the comparative contraction constantly going on, due to the increase of speculation, increase of manufactures and all the industries, I do not believe that there is too much of it now for the fullest period of the year. Indeed if clearing-houses should be established, thus forcing redemption, it is a question for consideration whether banking should not be made free, retaining all the safeguards now required to secure bill-holders. In any modification of the present laws regulating national banks and a further step towards preparing for the resumption of specie payment, I invite your attention to the consideration of the propriety of exacting from them the retention as a part of their reserve either the whole or part of the gold interest accruing upon the bonds pledged as security for their issue. I have not reflected enough on the bearing this might have in producing a scarcity of coin with which to pay duties on imports to give it my positive recommendation, but your attention is invited to the subject.

## CONTRACTION OF THE CURRENCY.

During the last four years the currency has been contracted directly by the withdrawal of the 3 per cent. certificates, compound-interest notes and government bonds outstanding on the 4th of March, 1869, all of which took the place of legal-tenders in the bank reserves, to the extent of \$63,000,000. During the same period there has been a much larger comparative contraction of the currency. The population of the country has largely increased. More than 25,000 miles of railroad have been built, requiring the active use of capital to operate them. Millions of acres of land have been opened to cultivation, requiring capital to move the products. Manufacturing have multiplied beyond all precedent in the same period of time, requiring capital weekly for the payment of wages and for the purchase of material, and probably the largest of all is the comparative contraction arising from the organizing of free labor in the South. Now every laborer there receives his wages, and for want of savings banks the greater part of such wages is carried in the pocket or hoarded till required for use. These suggestions are thrown out for your consideration, without any recommendation that they shall be adopted literally but hoping that the best method may be arrived at to secure such an elasticity of the currency as will keep employed all the industries of the country, and prevent such an inflation as will put off indefinitely the resumption of specie payments—an object devoutly to be wished for by all, and by none more earnestly than the class of people most directly interested, those who earn their bread by the sweat of their brow. The decision of congress on this subject will have the hearty support of the executive.

## CHEAP TRANSPORTATION.

Cheap transportation is a subject that has attracted the attention of both producers and consumers for the past few years and has contributed to, yet has not been the direct cause of, the recent panic and stringency, and congress, at its last session, appointed a special committee to investigate the whole subject during the vacation and report at this session. I have nothing to recommend until their report is ready. There is one work, however, of a national character in which the greater portion of the East and West, North and South, are equally interested, to which I will invite your attention. The state of New York has a canal connecting Lake Erie with tide-water on the Hudson river. The state of Illinois has a similar one connecting Lake Michigan with navigable water on the Illinois river, thus making water communication inland between the East and the West and South. These great artificial water courses are the property of the states through which they pass and pay toll to those states. Would it not be wise statesmanship to pledge these states that if they will open these canals for the carriage of large vessels, the government will look after and keep them in navigable condition. The great public highways with which they connect, to wit: The overland route on the Hudson, the St. Clair and the Illinois and Mississippi rivers? This would be a national work, one of great value to the producers of the West and South in giving them cheap transportation for their produce to the seaboard and a market; to the consumers in the East in giving them cheaper delivery of those articles of food which do not find a foreign market, and at prices which, therefore, are not regulated by foreign demand. The advantages of such a work are too obvious for argument. I submit this subject to you therefore, without further comment.

## WAR DEPARTMENT.

The action of congress in invited the recommendations in the report the secretary of war herewith accompanying. The apparent great cost supporting the academy is fully explained in the report, and it will elicit your attention. While inviting your great attention to all the recommendations made by the secretary war, there are two which I would specially invite you to consider.

First: The importance of preparing for war in times of peace, by providing proper armament for our coast defenses. Proper armament is vastly more important than fortifications. The latter can be supplied very speedily for temporary purposes when needed; the former cannot.

The second is the necessity of opening promotion in the staff corps of the army. Particularly is this necessity felt in the medical, pay and ordnance departments. At this time it is necessary to employ contract surgeons to supply the necessary medical attention required by the army. With the present force of the pay department it is now difficult to make the payments to troops provided for by law. Long delays in payments productive of desertion and demoralization, and the law prohibits the payment of troops by other than regular army paymasters. There are now sixteen vacancies in the ordnance department, thus leaving the branch of the service without sufficient officers to conduct the business of the different arsenals on a large scale if ever required.

## NAVAL DEPARTMENT.

During the past year the navy has been reduced by the sale of some vessels, no longer fit for naval purposes, and by the condemnation of others not yet disposed of. This, however, has been more than compensated for by the repair of six of the old wood ships and by the building of the eleven new sloops of war, authorized by the last congress. The building of the latter, has occurred at a doubly fortunate time. They are about being completed when they will probably much needed, and the work upon them has not only given employment to thousands of men, but has not been the means of keeping open establishments for other works at time of great financial distress. Since the commencement of the month, however, the distressing currencies which have taken place the waters of the Caribbean sea at most on our very seaboard, while they illustrate most forcibly the necessity always existing, that a nation situated as ours should maintain a state of efficiency, a navy adequate to its responsibility, has at the same time demanded that all the effective force we really have shall be put in immediate readiness for warlike service. This has been and is being done promptly and effectively, and I am assured that all the available ships and every authorized man of the American navy will be ready to whatever action is required for the safety of our cities or the maintenance of our honor. This of course will render the expenditure in a short time of some of the appropriations which were calculated to extend through the fiscal year. But congress will, doubt not, understand and appreciate the emergency and will provide adequately, not only for the present preparation, but for the future maintenance of our naval force. The secretary of the navy has, during the past year, been quietly putting some of our most extensive monitors in readiness for service, and thus the exigency finds us in a much better condition for work than we could possibly have been without his action.

## DEPARTMENT OF JUSTICE.

Affairs in Utah require your early and special attention. The supreme court of the United States in the case of Clinton vs. Engelbrecht decided that the U. S. marshal of that territory could not lawfully summon jurors for the district courts, and these courts hold that the territorial marshal unlawfully performs that duty because he is elected by the legislative assembly and not appointed as provided in the act organizing the territory. All proceedings at law are practically abolished by these decisions and there have been but few or no jury trials in the district courts of that territory since the last session of congress. Property is left without protection by the courts, and crimes go unpunished. To prevent anarchy there it is absolutely necessary for congress to provide the court with some mode of obtaining jurors, and I recommend legislation to that end and also that the probate courts of the territory, which now assume to issue writs of injunctions and habeas corpus, and try criminal cases, and questions as to land titles, be declared all jurisdiction not possessed ordinarily by courts of the description.

## THE BANKRUPTCY LAW.

I have become impressed with the belief that the act, approved March 22, 1868, entitled "An act to establish a uniform system of bankruptcy throughout the United States," is productive of more evil than good at this time. Many considerations might be urged for its total repeal, but if this is not considered advisable I think it will not be seriously questioned that those portions of said act providing for what is called involuntary bankruptcy, operate to increase the financial embarrassment